

**ANNUAL REPORT AND FINANCIAL STATEMENTS
2005 – 2006**

**SASKATCHEWAN SNOWMOBILE FUND
FOR THE FISCAL YEAR ENDING MARCH 31, 2006**



SASKATCHEWAN SNOWMOBILE ASSOCIATION INC.

INTRODUCTION:

The Saskatchewan Snowmobile Fund (Fund), also called the Trail Fund, was established under The Snowmobile Act (Act) 1999 & revised 2005. The Fund provides money for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails.

The legislative authority for the Fund and the specific provisions of the Fund are found in The Snowmobile Act and the Regulations thereunder.

Pursuant to the Act, the Minister appointed the Saskatchewan Snowmobile Association Inc. (SSA) to administer the Fund.

FUND PURPOSE:

The Snowmobile Fund is administered by the Saskatchewan Snowmobile Association Inc. (Trail Fund Manager).

The Fund provides on-going funds required to operate and maintain safe snowmobile trails in Saskatchewan.

The Fund distributes monies to eligible clubs to maintain and groom snowmobile trail based on a formula agreed upon by all SSA member clubs.

During the 2005 – 2006 fiscal year, a total of 49 clubs received \$264,855.00 to maintain 8292 km of trail. This included \$75,855.00 that was retained by clubs as a commission for selling trail passes.

COMPARATIVE FIGURES:

	<u>2005 - 2006</u>	<u>2004 - 2005</u>	<u>2003 - 2004</u>	<u>2002 - 2003</u>
# of Clubs Funded	49	49	50	52
Amount Paid to Clubs	\$264,855	\$170,837	\$184,590	\$227,675
# of Kilometers Maintained	8,292	8,687	9,270	9,405
1 – Day	N/A	660	672	897
3 – Day	N/A	1,049	N/A	N/A
7 – Day	N/A	205	710	1,026
Annual – Before December 1	N/A	4,715	3,427	2,242
Annual – After December 1	N/A	903	2,375	3,296
SGI Snowmobile Registrations	13,000	N/A	N/A	N/A

MANAGEMENT OF KEY RISKS:

Awareness:

The snowmobile season of 2005-2006 saw the introduction of a new system of SGI collecting a snowmobile registration fee of \$40.00 on every registered snowmobile in Saskatchewan. All of the \$40.00 fee is turned over to the Trail Fund Manager via Rural Development. The public was introduced to this new system in December 2005 and the SSA received the following: 3 positive and 5 negative responses from license issuers; 104 positive and 104 negative responses from the general public. We received all 216 responses via telephone.

Enforcement:

The new snowmobile registration fee of \$40.00 has made it much easier for the RCMP to enforce the Snowmobile Act. Clubs saw more activity from the RCMP patrolling snowmobile trails this season. RCMP were checking for snowmobile registrations and impaired driving.

Volunteer burnout:

Volunteer burnout remains to be a problem for the snowmobile clubs. In time we hope to see new and young people joining the snowmobile clubs of Saskatchewan due to the fact that clubs should be able to concentrate only on developing snowmobile trails and social snowmobile outings versus the heavy workload the old trail permit system placed on the clubs.

Business receives but does not give back to the trail system:

Many businesses in Saskatchewan benefit from the snowmobile trails in their area. We know that the snowmobile trails contribute to the viability of each business. The SSA is trying to encourage businesses to contribute financially to the grooming club that maintains the trail in their area. If business does this – it would ensure that the snowmobile trail will be there in the future and in turn it will benefit their business. The SSA is in the process of collecting data to determine the economic impact snowmobiling has on rural business.

Old grooming equipment:

No groomers used by snowmobile clubs in Saskatchewan are new. All groomers are from the 70's to the early 90's. Each year breakdowns are a factor for clubs to maintain trails. This past snowmobile season saw the Pasquia Snow Goers in Arborfield purchase a used groomer. Kelvington, Lintlaw, Preeceville, Duck Mountain Grooming and Yorkton saw major breakdowns on their equipment ranging in repair bills from \$5,000 to \$12,000 each. The SSA encourages all clubs to fund raise so that they can purchase newer equipment.

Theft:

Theft of snowmobile trail signs is a reality. Each year clubs purchase signs, put them up and lose a few of them due to theft. The SSA will continue to submit grant applications to Corporate Companies and Government Crown Corporations in Saskatchewan to sponsor the purchase of trail signage for snowmobile trails in Saskatchewan.

Quality Trails:

The SSA did trail evaluations on 23 clubs in the 2004-2005 season and 22 evaluations in the 2005-2006 season. 15 clubs remain to be evaluated and will be done in the future depending on snow conditions in these areas. The evaluations have identified that open field areas should have field stakes every 1/10 of a kilometre. This is not the case in Saskatchewan due to funds to purchase the stakes and the ability to find volunteers to put up and take down the stakes. The SSA has been meeting with clubs at their annual Zone meetings and reminding clubs that to maintain safe trails the field staking must be improved.

“You Are Here” Signs: The SSA has submitted a grant application to SaskPower asking for their assistance in placing 600 “You Are Here” signs at every snowmobile trail intersection in the province. Upon receiving a favorable reply from SaskPower on this grant application; it will enable the clubs to get the “You Are Here” signs up in mid-December 2006. This will be a positive safety factor for the snowmobile trails in Saskatchewan for the 2006-2007 season.

Trail maintenance depends on funds on hand. This past season saw clubs in the North East run short of funds to purchase fuel for their groomers due to the large amount of snow received. The SSA and clubs are in the process of developing an Emergency Funding Application for clubs to access funds through the Trail Fund during the snowmobile season. Any money received for Emergency Funding would be deducted from their total trail fund payout for that season.

Accidents:

We know that groomed snowmobile trails are safe trails. 6 snowmobile fatalities happened this past season. Most of them were in Northern Saskatchewan and were thin ice accidents. The SSA will continue to find a partner to run a radio campaign in the North in Cree and Danae to address the snowmobile safety issues in the North regarding thin ice conditions.

The SSA worked closely with the Watershed Authority this past season advising the public about poor ice conditions in the province. We included this safety message with each weekly snow/trail report on our web site and our 1-800 number featuring snow/trail conditions in the province.

Climate conditions:

Snowmobiling is driven by climatic conditions. This past season saw the North East receive snow in mid-December and snow continued to fall in this region until mid-March 2006 making this one of the longest snowmobile seasons in the history of snowmobiling in Saskatchewan. This has put a tremendous strain on clubs in this area to provide safe groomed snowmobile trails due to the amount of fuel used in this area.

The SSA received fewer complaints about trail conditions in the province than the previous season due to the good snowfall received in many of the snowmobile regions.

Clubs Fundraise

The clubs offset the total cost to maintain the snowmobile trails by means of fundraising.

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Third Party Liability Insurance

The SSA is in the process on obtaining a quote for insurance provided at a deductible of \$10,000 instead of the \$1,000 previously bought. We are hoping that this change will result in a smaller premium for clubs to pay this year.

Management's Responsibility for Financial Statements

The Saskatchewan Snowmobile Association (Association) is responsible for establishing and maintaining a system of internal control, complying with authorities and maintaining the Saskatchewan Snowmobile Fund's (Fund) financial records and financial statements. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Association's Board oversees management in the performance of its financial reporting duties.

The Provincial Auditor of Saskatchewan annually examines the Association's system of internal control, compliance with authorities and the Fund's financial statements. A copy of the Provincial Auditor's opinions on the internal control, compliance with authorities and the financial statements are enclosed.

Chris Brewer
CEO
Saskatchewan Snowmobile Association Inc.
Regina Beach, Saskatchewan
June 30, 2006

SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2006

AUDITOR'S REPORT

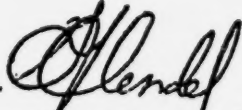
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Snowmobile Fund as at March 31, 2006 and the statements of operations and accumulated surplus, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 25, 2006



Fred Wendel, CMA, CA
Provincial Auditor

**Saskatchewan Snowmobile Fund
STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

As at March 31

	2006	2005
FINANCIAL ASSETS		
Cash	\$ 4,387	\$ 21,437
Accounts receivable (Note 9)	23,360	72,405
Investments (Note 6)	359,408	245,183
GST receivable	<u>1,355</u>	<u>---</u>
	388,510	339,025
 LIABILITIES		
GST payable	\$ ---	\$ 18,381
Due to Saskatchewan Snowmobile Association	55,117	31,554
Accounts payable	<u>2,669</u>	<u>1,045</u>
	57,786	50,980
 Net Financial Assets	<u>330,724</u>	<u>300,734</u>
 NON FINANCIAL ASSETS		
Prepaid supplies – trail permits	\$ ---	\$ 12,224
Capital assets (Note 4)	<u>---</u>	<u>465</u>
	---	12,689
 Accumulated Surplus (Statement 2)	<u>\$ 330,724</u>	<u>\$ 351,714</u>

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

STATEMENT 2

Year Ended March 31

	2006		2005
	Budget	Actual	Actual
	(Note 7)		
REVENUES			
Trail Fund permit sales	\$ 1,149	\$ 1,149	\$ 404,090
Less: commissions	240	240	75,855
Net permit sales	909	909	328,235
Transfer from General Revenue Fund – Department of Regional Economic and Cooperative Development (Note 3)	520,000	483,040	---
Interest revenue	2,500	3,227	1,768
Other revenue	3,000	3,000	140
Total Revenues	526,409	490,176	330,143
EXPENSES			
Trail funding to clubs	364,000	289,000	91,248
Liability insurance	73,000	71,073	62,708
Administration (Note 8)	47,928	55,855	56,836
Travel and meetings	13,000	9,630	8,368
Marketing and promotion	13,000	12,311	3,804
Safety expenses	4,825	10,000	17,474
Trail permit supplies written off (Note 10)	---	12,224	---
Bad Debt expenses	---	93	---
Total Expenses	515,753	460,186	240,438
Surplus for the Year	\$ 10,656	29,990	89,705
Accumulated Surplus, beginning of year		300,734	211,029
Accumulated Surplus, end of year – to Statement 1		\$ 330,724	\$ 300,734

(See accompanying notes to the financial statements)

**Saskatchewan Snowmobile Fund
STATEMENT OF CASH FLOWS**

STATEMENT 3

Year Ended March 31

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) operating activities:		
Receipts from sale of permits including GST	\$ 71,958	\$ 347,203
Receipts from General Revenue Fund – Department of Regional Economic and Cooperative Development	459,680	---
Receipts of interest and other revenue	6,227	1,908
Payments to suppliers	(123,680)	(129,076)
Payment of GST	(18,381)	(17,553)
Payments to Trail Fund Committee members	(9,630)	(8,368)
Payments to clubs for trail funding	(289,000)	(91,248)
	<u>97,174</u>	<u>102,866</u>
Cash flows from (used in) investing activities:		
Purchase of investments	(503,224)	(281,265)
Sale of investments	389,000	180,000
	<u>(114,224)</u>	<u>(101,265)</u>
Net increase (decrease) in cash	(17,050)	1,601
Cash, beginning of year	<u>21,437</u>	<u>19,836</u>
Cash, end of year	<u>\$ 4,387</u>	<u>\$ 21,437</u>

(See accompanying notes to the financial statements)

SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006

1. Legislative authority

The Saskatchewan Snowmobile Fund was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting principles are considered significant:

a) Capital assets

Individual capital assets costing more than \$500 are capitalized. Amortization of these capital assets commences in the year of acquisition and is calculated on the straight-line basis over their useful lives. Computer equipment is amortized over a 3-year basis.

b) Investments

Investments are recorded at cost.

c) Trail funding to clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved and the clubs have met the eligibility criteria.

d) Revenue

Trail permit revenue is recognized when the permit is issued. Effective November 15, 2005 the Fund no longer issues permits.

Transfer from the General Revenue Fund – Department of Regional Economic and Cooperative Development (Department) is recognized based on the formula described in the agreement dated March 22, 2006 between the Fund and the Department.

3. Funding

Effective November 15, 2005, the Fund no longer sells permits. Instead, pursuant to an agreement with the Department, the Department is committed to provide yearly grants to the Fund. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations 1998*. Based on that formula, the Department determined the grant for the year ended March 31, 2006 to be \$483,040.

4. Capital assets

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	\$ 2,796	\$ 2,796	\$ ---	\$ 465

5. Financial instruments

The Fund's financial instruments include accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association. Information about the fair value of investments is disclosed elsewhere in these financial statements. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature.

6. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-bill Fund has no fixed interest rate and its returns are based on the success of the fund manager. The fair value of the investments approximate the carrying value.

7. Budget

The budget was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc.

8. Administration

The Saskatchewan Snowmobile Association Inc. incurs the accommodation, salaries, and some operating costs associated with administering the Fund. These costs are allocated to the Fund based on the time staff spends to administer the Fund. The Fund then pays Saskatchewan Snowmobile Association Inc. for these costs. The Fund also

incurs certain operating costs directly. The costs allocated by the Saskatchewan Snowmobile Association Inc. and the direct costs of the Fund were as follows:

	2006			2005
	Allocated costs	Direct costs	Total	Total
Salaries	\$34,563	\$ ---	\$34,563	\$35,236
Postage	98	3,165	3,263	3,187
Rent	3,285	---	3,285	2,862
Telephone	2,992	---	2,992	3,141
Computer maintenance	325	---	325	334
Marketing	228	---	228	106
Trade shows	164	---	164	381
Professional services	577	28	605	847
Amortization	---	465	465	933
Office supplies	509	961	1,470	1,086
Printing	---	226	226	1,037
Office insurance	718	---	718	677
Bank charges	178	488	666	413
Membership dues	912	---	912	226
Board expenses	3,756	---	3,756	3,172
Staff training	330	---	330	228
Club expenses	296	---	296	952
Meeting expenses	282	---	282	1,265
Other	1,039	---	1,039	413
Staff travel	270	---	270	340
	<u>\$50,522</u>	<u>\$ 5,333</u>	<u>\$55,855</u>	<u>\$56,836</u>

9. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes \$23,360 (2005 - \$0) from the General Revenue Fund – Department of Regional Economic and Cooperative Development. Expenses include \$2,992 (2005 - \$3,141) paid to related parties for certain services during the year.

In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

10. Trail permit supplies write-off

Because of the change in funding basis, the Fund no longer issues trail permits. Accordingly, the Fund wrote off its supply of trail permits and recorded an expense of \$12,224 for the year.

11. Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

PAYEE LIST FOR THE FISCAL YEAR 2005-2006 (UNAUDITED)

**CLUBS RECEIVING GRANTS OF \$5000 OR MORE
(NOT INCLUDING CLUB COMMISSION)**

1. Border Explorers Snowmobile Club	\$ 6,129.75
2. Calling Lakes Cruisers	7,002.69
3. Candle Lake Sno Drifters	8,045.89
4. Esker Bear Inc.	8,585.48
5. Hudson Bay Trail Riders	13,216.37
6. Kelvington Trailblazers	8,465.58
7. Lakeland Snowmobile Club	9,191.02
8. Moose Mountain Snowmobile Club	8,158.61
9. Naicam Snowblasters Inc.	6,571.01
10. Roughriders Snowmobile Club	5,156.09
11. S.E. Sask. Stubble Jumpers	6,093.78
12. Tri-Valley Trails Inc.	6,669.34
13. Twin Lakes Trail Blazers	5,180.07
14. Yorkton Sno-Riders	11,031.63

SUPPLIERS RECEIVING \$20,000 OR MORE

Saskatchewan Snowmobile Association –	
Third Party Liability Insurance	\$71,073.00
Administration & Wages	55,855.00

**CLUBS THAT RECEIVED TRAIL FUNDING
FROM THE 2004- 2005 SNOWMOBILE SEASON**

TRAIL FUND PAYOUT

1. Archerwill Drift Riders Inc.	\$ 4958.36
2. Battlefords Trail Breakers	3325.22
3. Blaine Lake Snowdrifterz Inc.	845.45
4. Border Explorers Snowmobile Club	7273.75
5. Broadview Snow Busters Snowmobile Club	2434.36
6. Calling Lakes Cruisers	10015.69
7. Candle Lake Sno-Drifters Inc.	12668.89
8. Canwood Sno-Blazers	2406.28
9. Chitek Lake Bush Buddies Inc.	3433.21
10. Crossroad Sno-Diggers	971.40
11. Elbow Lake Sno Drifters	1903.68
12. Esker Bear Inc.	11501.48
13. Esterhazy Super Sledders	435.00
14. Estevan Snowmobile Club	6300.72
15. Grenfell Snowdrifters	2276.70
16. Hudson Bay Trail Riders Inc.	16913.37
17. Kamsack Snow Drifters	5919.34
18. Kelvington Trailblazers Inc.	12549.58
19. Lakeland Snowmobile Club Inc.	12844.02
20. La Ronge Snowmobile Club	70.00
21. Last Mountain Lake Drifters Snowmobile Club Inc.	9532.72
22. Leoville Snow Drifters Inc.	1603.86
23. Lintlaw Bush Bandits	4286.45
24. Melfort & District Trail Riders Inc.	5365.24
25. Mistatim Snowpackers Inc.	160.00
26. Moose Mountain Snowmobile Club	11287.61
27. Naicam Snowblasters Inc.	9811.01
28. Northern Lights Snowmobile Assoc.	5344.69
29. Parkland Snow Trackers	115.00
30. Pasquia Snow Goers Club Inc.	370.00
31. Pelly Sno Prowlers Inc.	2729.72
32. Porcupine Trail Blasters Inc.	4317.13
33. Prairie & Pine Sno Riders Inc.	5531.07
34. Prince Albert Snow Runners	4146.19
35. Rhein Sno Cruzers	3264.04
36. Rough Rider Snowmobile Club	5566.09
37. Saskatoon Snowmobile Club	7576.60
38. Showstoppers Snowmobile Club Inc.	6315.98
39. Souris River Snowmobile Club	900.00
40. South East Sask. Stubble Jumpers	7573.78
41. Spiritwood Snowball Riders	2416.64

42. Springside Snowmobile Club	1126.93
43. Timber Trails Sno Riders	2531.58
44. Trakkers Snowmobile Club	2257.05
45. Tri-Valley Trails Inc.	8787.34
46. Turtle Lake Sno Monsters	270.00
47. Twin Lakes Trail Blazers Inc.	7596.07
48. Weekes Bush Pushers Club Inc.	2180.45
49. White Knucklers Snowmobile Club	160.00
50. Whiteswan Snow Hawks	4352.63
<u>51. Yorkton Sno-Riders Club Inc.</u>	<u>18332.63</u>

Total	\$264,855.00
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Clubs retained in the 04-05 fiscal year:	\$ 75,855.00
Clubs were paid the balance of the 04-05 trail fund	
with checks being issued in August 2005:	189,000.00
Clubs received for the 04-05 season a total of:	\$264,855.00